

Message Text

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C O N F I D E N T I A L STATE 020229

FOR AA/ASIA SULLIVAN

FOLLOWING REPEAT RANGOON 290 ACTION SECSTATE 24 JAN

QUOTE: C O N F I D E N T I A L RANGOON 0290

E.O. 11652: GDS

TAGS: EAID, EFIN, BM

SUBJ: AID TO BURMA

REF: RANGOON 0256

BEGIN SUMMARY: EMBASSY BELIEVES THE TIME HAS COME TO SERIOUSLY CONSIDER A MODEST ASSISTANCE PROGRAM FOR BURMA. THE INITIAL ASSISTANCE SHOULD BE SMALL, CONSISTING PERHAPS OF A PL 480 FOOD PROGRAM AND/OR GRANT ASSISTANCE. SUCH A PROGRAM WOULD HELP FURTHER U.S. BASIC INTERESTS IN BURMA AND AT THE SAME TIME PROVIDE FOR A BASIC FOOD NEED OF THE BURMESE PEOPLE. END SUMMARY.

1. THE USG SHOULD ADOPT A MORE POSITIVE STANCE ON ECONOMIC ASSISTANCE FOR BURMA. THE TIME HAS COME WHEN AT LEAST A SYMBOLIC AND MODEST ASSISTANCE PROGRAM IN THE ECONOMIC SPHERE
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WOULD BE CLEARLY IN THE INTEREST OF THE USG. IT WOULD DEMONSTRATE OUR RECOGNITION OF BURMA'S EFFORTS IN THE NARCOTICS FIELD BY PROVIDING NON-NARCOTICS RELATED ASSISTANCE TO BURMA'S ECONOMY. IT WOULD ALSO HELP MAINTAIN MUTUALLY BENEFICIAL ACCESS FOR AMERICAN BUSINESS TO BURMA'S MARKET AND RESOURCES WHICH IS SET FORTH IN THE PARM AS A MAJOR INTEREST. IN ADDITION, RECENT ECONOMIC ADVANCES, PARTICULARLY BURMA'S

SUCCESS IN VIRTUALLY ELIMINATING ITS INFLATION PROBLEM,
AUGUR WELL THAT U.S. ASSISTANCE WOULD BE USED TO ENHANCE
BURMA'S ECONOMIC POTENTIAL.

2. U.S. ASSISTANCE INITIALLY SHOULD BE SMALL, PERHAPS A
PL 480 FOOD PROGRAM OF AROUND TWO TO THREE MILLION DOLLARS
PLUS POSSIBLE GRANT ASSISTANCE AT A MODEST LEVEL. IN ANY
CASE IT SHOULD BE CLEARLY IN THE FIELD OF ECONOMIC ASSISTANCE
AND AVOID EDUCATIONAL OR SOCIAL PROGRAMS. THE GUB IS LOOKING
FOR ECONOMIC ASSISTANCE (EVEN MODEST ASSISTANCE) FROM THE
U.S., AND WHILE IT MIGHT ACCEPT SOME AID IN THE EDUCATIONAL
OR SOCIAL FIELD, IT WOULD NOT REGARD OUR EFFORTS IN THESE
AREAS AS MEETING ANY PARTICULAR NEED IN BURMA. SUCH AID
WOULD GAIN US LITTLE GRATITUDE, LEVERAGE OR RECOGNITION
FROM THE GUB. EDUCATION IS THE SECTOR OF BURMA'S LEAST NEED --
EXCEPT FOR TURNING OUR MORE GRADUATES THAN THE ECONOMY CAN
ABSORB, EDUCATION SHOULD NOT BE COUNTED AMONG BURMA'S PLETHORA
OF ECONOMIC PROBLEMS. U.S. ASSISTANCE IN THIS FIELD WOULD
DO LITTLE TO SPUR BURMA'S DEVELOPMENT, AND FUNDS AND EFFORT
PUT TOWARD EDUCATION IN BURMA WOULD QUICKLY PASS THE POINT
OF DIMINISHING RETURNS. ASSISTANCE IN THE HEALTH SECTOR,
PERHAPS UTILIZING EXCESS KYAT FUNDS, SHOULD BE CONSIDERED
AS A COMPLEMENT TO RATHER THAN A SUBSTITUTE FOR ASSISTANCE
IN THE ECONOMIC SPHERE.

3. IF THERE ARE POSSIBILITIES FOR U.S. ECONOMIC ASSISTANCE
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FOR BURMA OTHER THAN A PL 480 FOOD PROGRAM, E.G. CO-FINANCING
CERTAIN WORLD BANK PROJECTS OR GRANT ASSISTANCE (PROBABLY
DIRECTED TOWARD AGRICULTURE), THE EMBASSY BELIEVES THEY
SHOULD BE CONSIDERED AND INVESTIGATED. HOWEVER, AT THE
MINIMUM A SMALL PL 480 PROGRAM, PERHAPS PROVIDING EDIBLE
OILS, SEEMS PARTICULARLY SUITED TO MEETING U.S. INTERESTS
IN BURMA AT THE PRESENT TIME. IF APPROPRIATE LEGISLATIVE
AUTHORITY EXISTS, THE EMBASSY BELIEVES FUNDS GENERATED FROM
THE PROGRAM COULD BE OFFERED TO THE GUB FOR NARCOTICS TREAT-
MENT AND REHABILITATION PROGRAMS; OTHERWISE THE LOCAL CURRENCY
COULD BE PUT INTO A SPECIAL ACCOUNT TO FINANCE PROJECTS AIMED
AT IMPROVING AGRICULTURAL PRODUCTIVITY

4. ALL PROPOSALS FOR AID PROGRAMS NOTED IN REFTEL MEET A
BASIC NEED FELT AT THE LOWEST LEVEL OF BURMA'S POPULATION.
ALTHOUGH BURMA IS AN AGRICULTURAL COUNTRY WHICH IS NEARLY
SELF-SUFFICIENT IN FOOD, IT'S POPULACE SUFFERS FROM CERTAIN
NUTRITIONAL DEFICIENCIES. A MAJOR SHORTAGE EXISTS IN EDIBLE
OILS AND DUE TO LACK OF FOREIGN EXCHANGE THE GUB HAS BEEN
UNABLE TO IMPORT SUFFICIENT QUANTITIES TO MEET LOCAL NEEDS.
PRICES FOR THE NECESSARY FOOD ROSE OVER THE PAST SEVERAL
YEARS UNTIL IT IS VIRTUALLY BEYOND THE MEANS OF THE AVERAGE

BURMESE WORKER. THEREFORE A PL 480 FOOD PROGRAM COUPLED WITH ASSISTANCE FOR BURMA'S AGRICULTURAL SECTOR WOULD MEET A BASIC HUMAN NEED IN BURMA. THE PROPOSED ADDITION OF ASSISTANCE IN THE HEALTH SECTOR WOULD BE COMPATIBLE WITH U.S. HUMANITARIAN CONCERN FOR THE BASIC WELL-BEING OF THE WORLD'S POPULATION.

5. THE GUB MAY NOT BE WILLING TO COMPLY WITH REQUIRED TERMS AND CONDITIONS OF A PL 480 PROGRAM. HOWEVER, WE THINK IT IS MORE LIKELY THAN NOT TO AGREE TO THESE CONDITIONS. (WE WILL NEVER KNOW UNLESS WE TRY.) NEVERTHELESS, SHOULD THE GUB TURN DOWN THE OFFER, THE GESTURE BY THE USG WOULD IN ITSELF SERVE TO DEMONSTRATE OUR CONCERN AND SYMPATHY FOR BURMA'S ECONOMIC PROBLEMS AND OUR WILLINGNESS TO ASSIST IN

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A NON-NARCOTICS AREA.
BEAN
UNQUOTE VANCE

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NNN

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